



FredericksburgSM TIMELESS.

SPOTSYLVANIA STAFFORD FREDERICKSBURG



ANNUAL REPORT

2005

REGIONAL TOURISM
MARKETING PROGRAM



2005: A Year Of Results



The 2005 promotional year ushered in a great deal of change for the marketing efforts of Fredericksburg Area Tourism. Following the launch of the "Timeless" brand in April, the region benefited from an upgraded promotional formula that included print advertising, a television travel journal, expanded public relations opportunities and a greatly enhanced website, VisitFred.com. Through these combined methods, the region produced an increase of 22% in unique website visits and 58% in advertising inquiries for 2005 over 2004. Additionally, the Golf Co-op continued its phenomenal growth rate as did group tour bookings for the area. This Annual Report offers a comprehensive look at the outcome and results delivered through the promotional partnership of Spotsylvania County, Stafford County and the City of Fredericksburg. Thank you for your ongoing support.

If you'd like to see Fredericksburg Area Tourism's brand video (it's easy to view, just over two minutes long), simply log on to:
http://198.104.133.217/mediakit_inst.asp?mediaKitID=5

FREDERICKSBURG AREA TOURISM MISSION

THE MISSION OF
FREDERICKSBURG AREA TOURISM
IS TO INCREASE TRAVEL-RELATED
TAXABLE SALES IN EACH OF THE
THREE PARTICIPATING LOCALITIES.

Tourism Tax Relief

Taxes collected on tourism activities (hotel rooms, meals, etc.) lowered the tax bill for every person in The Fredericksburg Area (Fredericksburg, Spotsylvania County, Stafford County) by \$40.24.

Source: Virginia Tourism Corporation

Direct Tax Revenue

*Generated by every dollar invested
in tourism marketing*

City of Fredericksburg	\$1.41
Spotsylvania County	\$1.35
Stafford County	\$1.18
The Region	\$1.32

*These results are from Fredericksburg Area
Tourism's 2004 study; an update is scheduled
for October 2006.*

Source: Longwoods International

MARKETING & ADVERTISING

FREDERICKSBURG AREA TOURISM'S MARKETING AND ADVERTISING EFFORTS WERE DESIGNED TO CREATE AN AURA FOR THE FREDERICKSBURG AREA

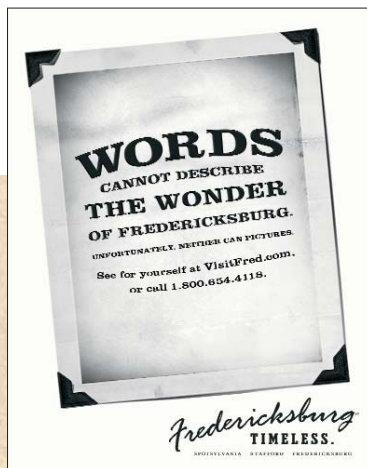
AS A "MUST SEE" DESTINATION, DIFFERENTIATING THE AREA FROM COMPETING DESTINATIONS IN THE MINDS OF CONSUMERS.

WEBSITE VISITS: UP 22% • INQUIRIES FROM ADVERTISING: UP 58%

Advertising Cuts Through The Clutter



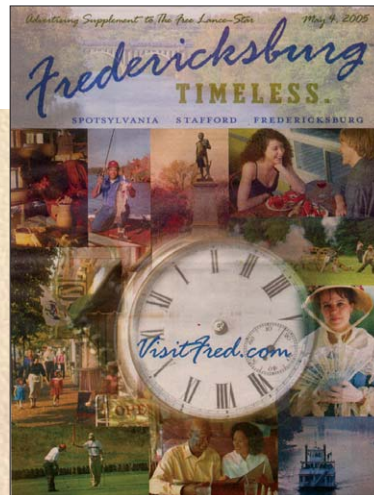
To reach potential visitors from cities along the I-95 corridor (Washington, Baltimore, Philadelphia), Fredericksburg Area Tourism designed a series of focused, in-your-face ads. Running in the popular travel periods (Spring, Fall) these ads drove record numbers of potential visitors (up 22% from the previous year) to the Tourism website, VisitFred.com.



Be A Tourist In Your Hometown



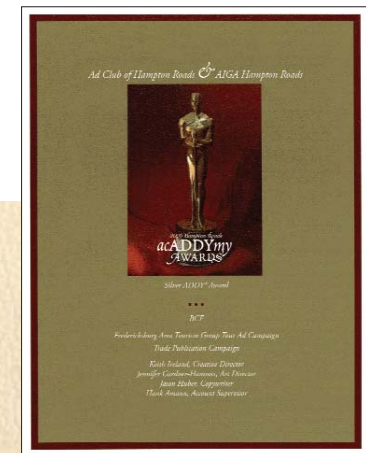
To ensure that local residents are familiar with the many amenities of The Fredericksburg Area, the *Free Lance-Star* and Fredericksburg Area Tourism created a special section highlighting the area. This was a particularly effective way of reaching the area's new residents, letting them know about all of the great attractions, restaurants, museums, etc., right in their own backyard! More than 45,000 households in The Fredericksburg Area received this special section.



Ads For Fredericksburg Area Garner Awards



A number of ads and other collateral pieces created for Fredericksburg Area Tourism received top honors in the 2006 Hampton Roads Addy Awards competition. Award winners included print ads promoting the Area, as well as those targeting group tour operators.



MARKETING & ADVERTISING

In the summer of 2005, Fredericksburg Area Tourism joined with WTVR-TV (Richmond's CBS affiliate) to produce an original 30-minute TV show, *Discover Fredericksburg*. Showcasing Fredericksburg, Spotsylvania County and Stafford County, the show reached viewers throughout Central Virginia.

Results were impressive, with 50,000 households tuning in. In fact, WTVR was so pleased with the results that they replayed the special on a Saturday after the 11:00 p.m. news. The show finished second in that time period, behind only Saturday Night Live! WTVR also re-ran the show in December. Both of these rebroadcasts were at no additional cost to Fredericksburg Area Tourism.

On Air: The Sunken Road



To promote the rededication of the Sunken Road, Fredericksburg and the National Park Service (NPS) conducted a Radio Media Tour. With local NPS historian John Hennessey as Spokesperson, the tour resulted in more than 20 live radio interviews. These interviews reached more than 2.8 million listeners across the U.S., with most of these listeners concentrated in East Coast areas that traditionally produce significant numbers of tourists who visit the Fredericksburg area.



Since the launch of the new VisitFred.com (10/05 to 2/06):

- Total Unique Visitors: 79,797 (27.2% increase over previous year)
- Most Visited Sections: Things To Do; Wine & Dine; Where To Stay
- Most Common Referrals (Sites From Which Visitors Come To VisitFred.com):

1. Direct Traffic (typing in the URL Visitfred.com)
2. Google.com
3. fredericksburgva.com
4. fredericksburgva.gov

Website Now Includes Complete Press Room



As part of the upgrade of VisitFred.com, a new press room contains not only press releases and contact info, but also media kits, downloadable images and videos.

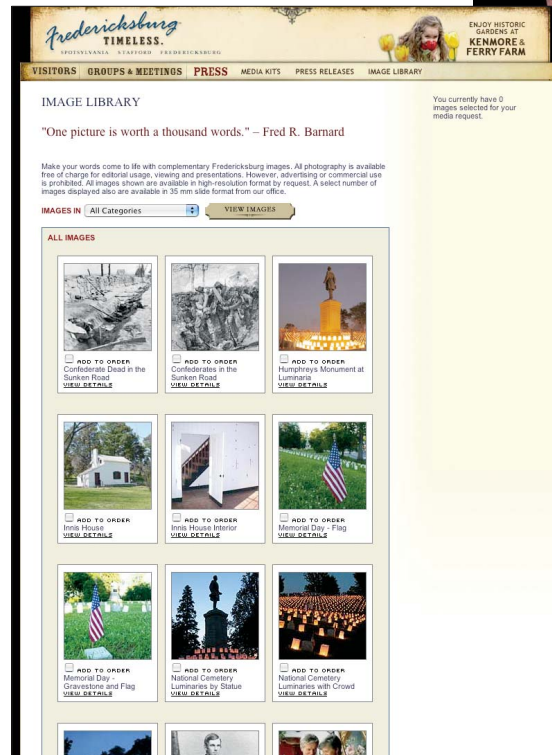


Image Library Carries The Visual Message

To ensure that the media can always find beautiful images of The Fredericksburg Area, the pressroom includes an Image Library. Each image request is reviewed, to be sure that the image won't be used for commercial purposes. Fredericksburg Area Tourism is now receiving dozens of requests each year, for images to accompany media stories about the Area.

PUBLIC RELATIONS EFFORTS

Using The Travel Media As A Conduit To Potential Visitors



Fredericksburg Area Tourism has long been successful in using public relations to carry its story to potential visitors, and 2005 was no exception. Through press releases and personal contact with travel writers, the Tourism team generated articles about The Fredericksburg Area in *The Washington Post*, *The Boston Globe*, and many more publications, carrying the message to potential visitors throughout the region and across the country.



Fredericksburg Area Tourism Maintains Close Relationship With Media



Fredericksburg Area Tourism attended three well-established media marketplaces in 2005. Travel Media Showcase, which attracts destination marketing organizations from all over the world, was held in Niagara Falls, and was attended by 220 travel journalists. The Fredericksburg Area was also promoted at the Mid-Atlantic Tourism Public Relations Association Media Marketplace, which attracted staff and freelance journalists representing regional and national radio, television, Web and print outlets from key markets. Tourism officials also attended the annual meeting of the Travel & Tourism Section of the Public Relations Society of America, which met in concert with the Society of American Travel Writers.



E-Newsletters Keep Us In Touch With Visitors



With the debut of VisitFred.com, Fredericksburg Area Tourism has a vehicle to collect e-mail addresses from interested travelers. Thousands of potential visitors are now receiving an attractive monthly e-Newsletter which extols the magic of the moment in The Fredericksburg Area. E-mail addresses are also collected at local Visitor Centers, from those who voluntarily sign up. The rate at which recipients opened the newsletters, and the rate at which they clicked through to the Tourism website, were both well above tourism industry averages.



GOLF CO-OP SEES TENFOLD INCREASE

IN VISITORS, REVENUE

The Fredericksburg Area Golf Co-Op Works



The program works to increase the number of "Play and Stay" golfers who visit the Fredericksburg Area. By increasing the number of "Play & Stay" packages, and promoting these packages, the Co-Op strives to increase awareness of Fredericksburg Area Golf. With five golf courses and six hotels participating in the co-op (as well as one restaurant and one dinner theater as associate members), the Golf Co-Op has seen a tenfold increase in results in just two years! The Area's "best-kept secret" is fast becoming famous!

Golf Packages Used To Secure Airtime

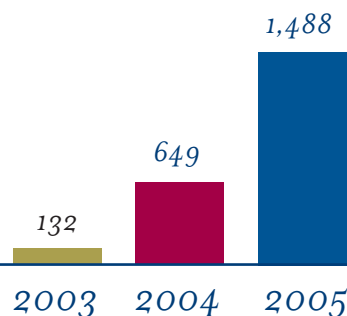


Fredericksburg Area Golf Packages were part of a very successful promotion in 2005. Donated rounds of golf, combined with donated hotel rooms, restaurant meals, attraction tickets, etc. were offered as a package to interested radio station, for "on air" giveaways to their listeners. From a jazz station in Philadelphia to a classical music station in Washington, D.C. and more, radio airwaves and websites attracted listeners to the splendors of The Fredericksburg Area.

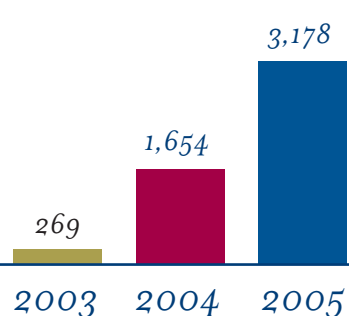


Statistics on Co-op revenue

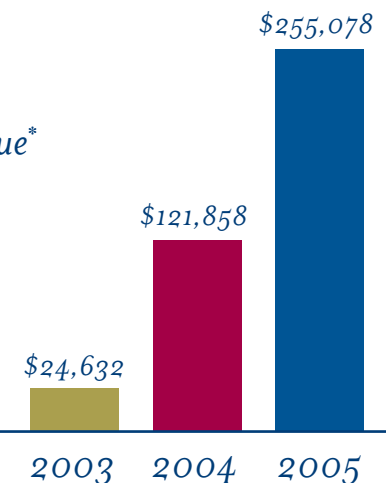
*Room Nights**



*Golf Rounds**



*Total Revenue**



* 2003 Packaging Results (Omega Travel) as of December 31, 2003. 2004 Packaging Results (Go Golf Travel) as of December 31, 2004. 2005 Packaging Progress & Projections (Go Golf Travel) as of December 31, 2005.

GROUP TOUR EFFORTS SHOW INCREASED RESULTS

FREDERICKSBURG AREA TOURISM, IN ADDITION TO MARKETING TO THE GENERAL CONSUMER, ALSO PLANS AND IMPLEMENTS PROGRAMS AIMED AT THE PACKAGE TOUR AND GROUP TRAVEL MARKET.

OUR GOAL IS TO INCREASE SPENDING IN THE FREDERICKSBURG AREA BY PROFESSIONAL TOUR OPERATORS, SENIOR GROUPS, STUDENT GROUPS AND CONVENTION GROUPS.



Reaching The Group Market



To reach this audience, Fredericksburg Area Tourism participated in 5 tradeshows, 8 golf shows, 13 consumer shows, 3 group leader shows and 2 sales missions. In addition, we hosted 96 group leaders, 35 travel agents, 16 Washington, D.C. professional tour guides, 15 employees from two tour companies and one travel writer for a group tour publication, for "Fam" tours ("familiarization" tours of The Fredericksburg Area).

In 2005, 96,719 visitors in 2,329 group tours and meetings visited The Fredericksburg Area. This represents a 3.6% growth in visitors served and a 4.4% growth in the number of tours, compared to 2004. The economic impact of these tours to the Area was \$2,395,875.

*2005 Economic Impact Of
Group Tours & Meetings: \$2,395,875*

*Area Return On Investment:
\$15.97 for each \$1.00 invested*

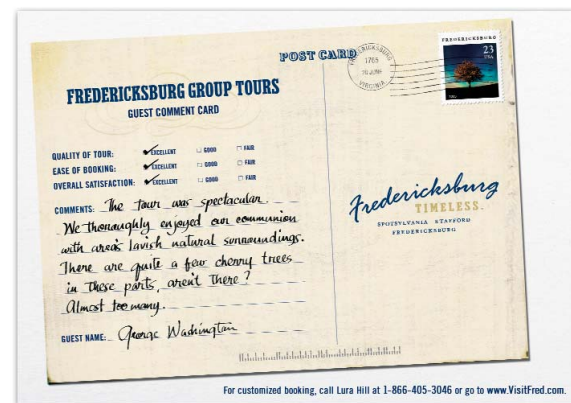
Source: Fredericksburg Area Tourism Group Tour Program.

New Ads Attract Group Tour Operators



To "cut through the clutter" of the hundreds of locales trying to attract group tours and meetings, Fredericksburg Area Tourism developed three new ads to be used in print advertising. The ads were placed in trade publications and group leader publications, targeting both the senior market and the student market.

In addition, Fredericksburg Area Tourism placed banner ads on the websites for the National Tour Association, Group Travel Leader, and the Group Travel Planet.

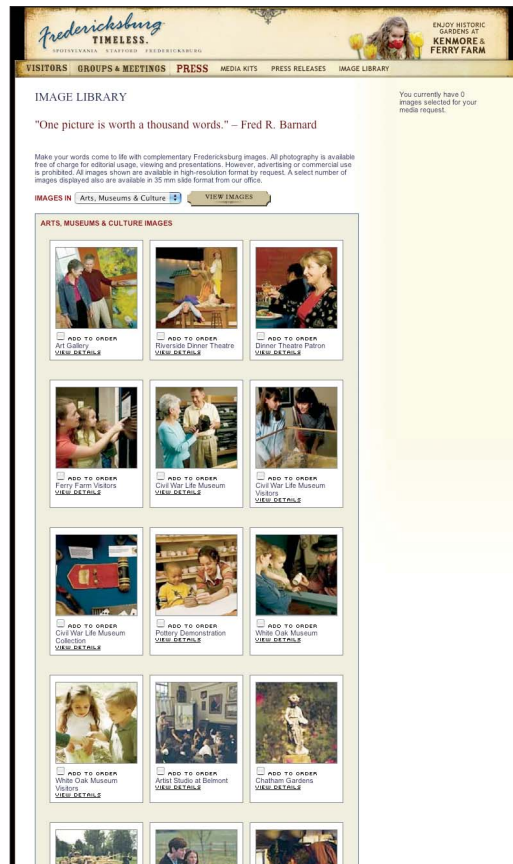


A sample of Fredericksburg Area Tourism's Group Tour advertising.

One Picture Could Be Worth 10,000 Visitors



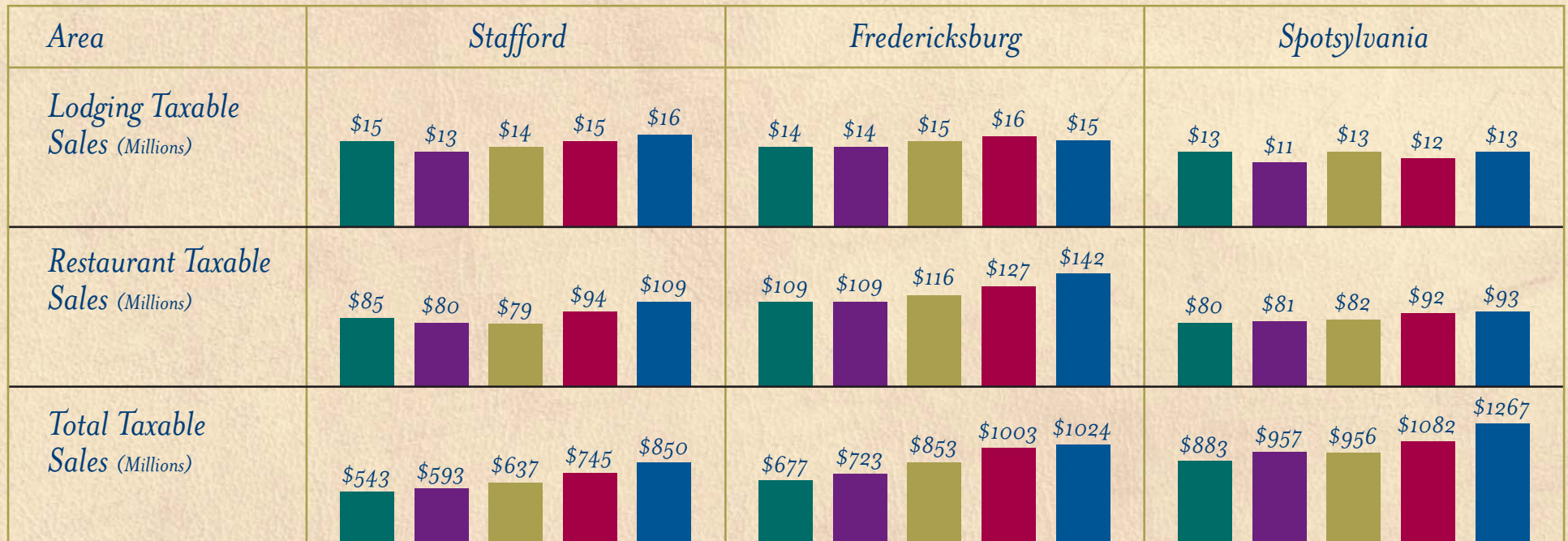
To broaden Fredericksburg Area Tourism's image library and to tie more closely to the "Fredericksburg Timeless" brand, we conducted three full days of photography in spring, 2005. Venues included Lake Anna, La Vista Plantation, Canon Ridge golf club, the Rappahannock River, art galleries, and more. These images have already been used in advertising, on VisitFred.com, in our new Visitor Guide and Rack Card, as well as the Image Library on our online Press Room.



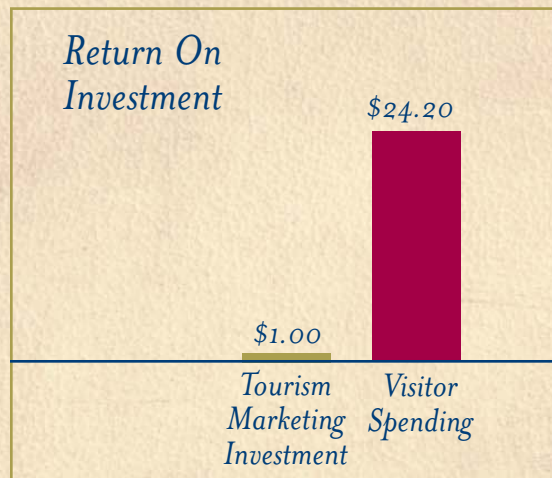
INVESTMENT IN TOURISM PAYS DIVIDENDS

Tourism Adds Millions to Local Economies

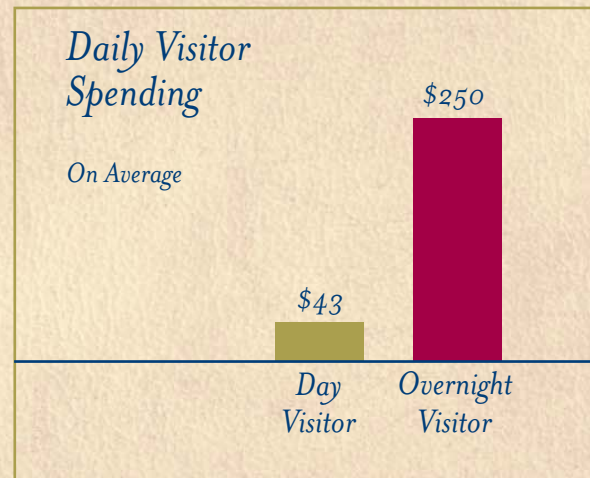
2001 2002 2003 2004 2005



Source: City of Fredericksburg, County of Spotsylvania, County of Stafford.



Source: Longwoods International.



Source: Virginia Tourism Corporation.



Source: Fredericksburg Area Tourism Zip-entry survey.

ROLES AND RESPONSIBILITIES

CITY OF FREDERICKSBURG

RESPONSIBILITY

DAVID HOLDER,
DIRECTOR OF TOURISM AND BUSINESS DEVELOPMENT

Overall strategy and leadership

KAREN HEDELT,
TOURISM DEVELOPMENT MANAGER

*Regional advertising program
management, Media relations with
travel journalists*

LURA HILL,
TOURISM SALES MANAGER

*Regional group tour, reunion
and conference sales initiatives*

JULIE PERRY,
VISITOR CENTER MANAGER

*Attend consumer shows,
AAA office sales initiatives,
respond to all internet and
email requests*

COUNTY OF SPOTSYLVANIA

RESPONSIBILITY

SHELLIE RIDDER,
TOURISM MARKETING COORDINATOR

*Input on all programs and
direction, attend consumer shows,
budget administration, bookkeeping*

SYLVIA ATKINSON,
VISITOR CENTER MANAGER AND TRAVEL COUNSELORS

Advertising inquiry fulfillment

COUNTY OF STAFFORD

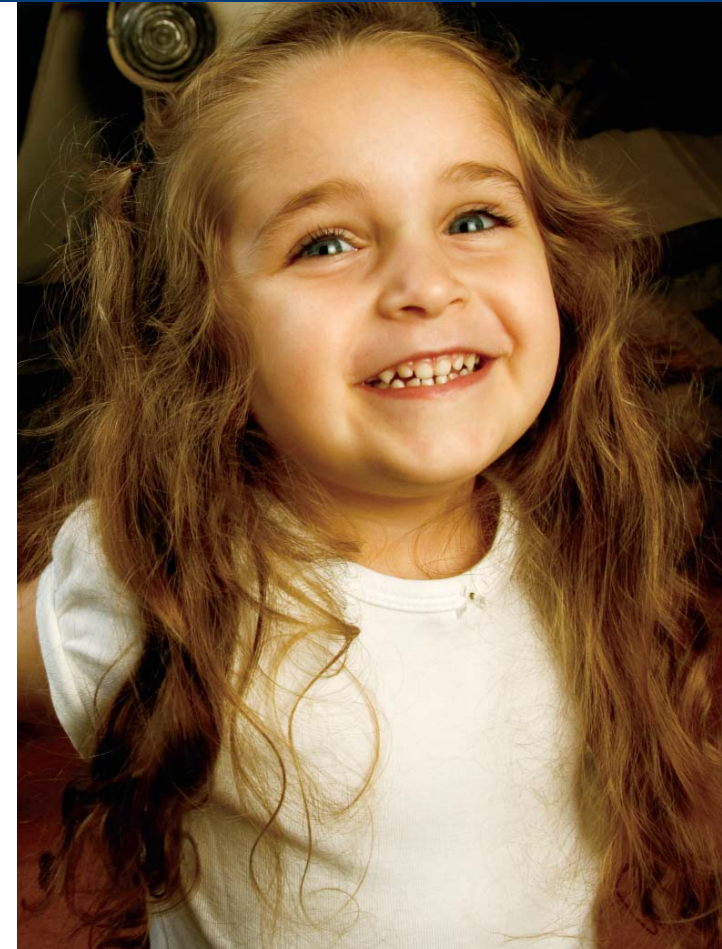
RESPONSIBILITY

BOB CARTER,
ECONOMIC DEVELOPMENT ASSISTANT DIRECTOR

Input on all programs and direction

MEGAN ORIENT,
TOURISM MANAGER

*Input on all programs and
direction, attend consumer shows,
manage regional golf co-op*



IT'S BEEN A GREAT YEAR!

But we're not resting on our laurels. Competition for the tourism dollar is stronger than ever, with some nearby destinations adding millions of dollars to their annual advertising budgets. To compete, we'll have to be smarter, quicker and more efficient than ever. So...we will! Working with our many local partners (hotels, museums, restaurants, parks, and more), we'll be working 24/7 to bring individual tourists, groups and meetings to The Fredericksburg Area. We're proud of the story that we have to tell, and always anxious to tell it!

Goals: To achieve 22% growth by year end 2006 in return on investment directly attributable to the regional marketing program. Return on investment estimates are calculated through conducting visitor surveys of desired audiences in targeted geographic areas to determine number of trips taken and cross tabulating that figure against previously established economic impact figures of actual visitors. Return on investment will be measured through an ongoing relationship with Longwoods International utilizing the same methodology and approach that yielded the initial 2004 benchmark figures. It will be established on both a regional level as well as a local level.

Where We Are Now: ROI will be measured by October, 2006 to determine advances in this performance metric.

Goals: To develop increased room demand in the region that results in 15% growth in average daily rate and 2.5% growth in occupancy rate by 2007 as measured through the Virginia Tourism Corporation's relationship with Smith Travel Research. Smith Travel Research conducts polling of corporate hotel franchises to establish national levels and trends in hotel performance. Smith Travel Research figures are used nationally by hotel developers, marketers, and administrators because of the accuracy and standardization of reporting.

Where We Are Now: As this report was written, we were awaiting statistics from Virginia Tourism Corporation. If you would like to see these results, please send an e-mail (*address below*) and we will distribute the information as we receive it.

Goals: To grow annual hotel and meals tax receipts across the region by an average of 15% per year, from 2004 through the end of 2006. Tax receipts will be collected from each participating locality to determine annual growth rates.

Where We Are Now: While only halfway through that 2004-2006 period, taxable lodging and restaurant sales have already increased by 12%.

Goals: To reverse the trend of declining attraction visitation (4.4% decline between 2002 and 2003, 22% decline overall since 1997) by developing 8% growth in attraction visitation during the period of 2004 to 2007. Attraction attendance will be polled through an annual survey of local attraction facilities to establish this measure.

Where We Are Now: While only one-third of the way through the period of 2004 to 2007, overall attraction visitation has already increased by 6.6%.

Goals: To achieve 5% annual growth rates in group tour visitation. This figure will be determined through continual tracking of group tour companies booking attraction and room reservations through the Fredericksburg Department of Tourism and Business Development Tourism Sales Manager.

Where We Are Now: Group tour visitation increased by 3.6% in 2005 with the overall number of group tours to the region increasing by 4.4% from 2004.

LET US HEAR FROM YOU!

Fredericksburg Area Tourism welcomes your comments. Have an idea about how we could do better? Want more information on something you've seen in this Annual Report? Have a suggestion about something that interests you in The Fredericksburg Area? Please let us know! Drop us an e-mail at: info@VisitFred.com.